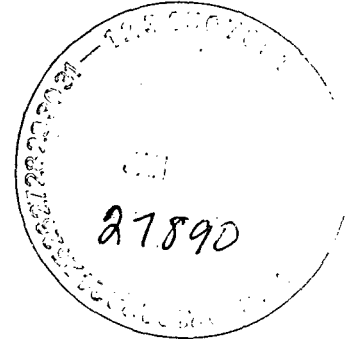




December 19, 2002

Mr. Dan Etzkorn, Esquire  
Legal Division  
Arkansas Department of  
Environmental Quality  
P. O. Box 8913  
Little Rock, AR 72219-8913  
FAX: 501-682-0891



Dear Mr. Etzkorn:

This letter is being written to respond to Mike Bates' letter dated November 20, 2002, and follow up on conversations you had with John Leeper and RiceCo's counsel. Mr. Bates' letter states that ADEQ has information which indicates that RiceCo may be a responsible party with respect to abandoned chemicals located in the formulations laboratory at Cedar Chemical Corporation's West Helena, Arkansas facility.

As explained more fully below, RiceCo is not aware of any facts that would make it responsible for any chemicals or conditions at Cedar Chemical Corporation's West Helena facility, but RiceCo would be happy to review with ADEQ any information that ADEQ possesses which would give rise to any such liability.

Mike Bates' November 20, 2002 letter did not identify any of the information or factual circumstances which led ADEQ to believe that RiceCo might have legal responsibility with respect to abandoned chemicals in the formulations laboratory at Cedar Chemical Corporation's West Helena facility. In recent conversations with John Leeper and RiceCo's counsel, you indicated that ADEQ's question arose out of the circumstances: (1) the presence of off-specification product on the Cedar premises which was packaged in containers bearing RiceCo's "brand" name; (2) RiceCo's relationship with a former Cedar employee; and (3) Cedar's partial ownership interest in RiceCo.

I am happy to address these three factual concerns. First, there appears to be a misunderstanding within ADEQ as to the relationship that RiceCo had with Cedar Chemical. RiceCo is an independent Limited Liability Corporation incorporated in Delaware. Cedar is one of two members of the LLC, owning less than a 50% interest in RiceCo.

On the date Cedar declared Chapter 11, March 7, 2002, RiceCo's officers of record were James K. Hines, President & CEO, and James E. Hieserman, VP Sales & Marketing. As of this date, the officers of RiceCo remain the same with the addition of Neil Robbins,

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"...from the paddy to the plate"

Director of Finance, hired on May 1, 2002. None of these officers has ever served simultaneously as officers of RiceCo and Cedar.

RiceCo has never held ownership in Cedar nor was it involved in the operation of the West Helena facility. RiceCo did not contract with Cedar for the use of the production or laboratory facilities at West Helena. No RiceCo employee ever worked in Cedar's production or laboratory facilities.

RiceCo contracted the temporary consulting services of Richard Fraley following his being terminated by Cedar. His consulting services to RiceCo began on March 15, 2002 and are scheduled to end December 31, 2002. Richard Fraley has never been an employee of RiceCo. Mr. Fraley has been an independent contractor who has billed RiceCo for his services on a monthly basis. Richard Fraley had previously worked in the Cedar formulations laboratory under the sole direction of Cedar management. RiceCo contracted his services, after he was terminated by Cedar, to assist RiceCo in transitioning to new formulators for the manufacture of our propanil products in the United States after Cedar shut down production.

RiceCo occasionally assisted Cedar in acquiring raw materials and competitive products for evaluation. Upon delivery, these materials became the property of Cedar.

RiceCo only purchased technical propanil and finished formulated product from Cedar as a customer. Ownership of product was transferred to RiceCo when the finished product exited the site and either went to the Blackhawk Warehouse or directly to our customers. Billing and payment were based on either of these events. Ownership is clearly specified in the documents establishing RiceCo as a LLC, dated May 5, 1997. Article 21, paragraph 3. Prices and Payment Terms contains the following:

"Invoices hereunder shall be issued on and as of date of shipment"

"Title to Product and risk of loss thereof shall pass to Riceco on the earlier date of shipment or invoice."

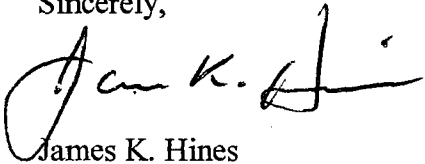
RiceCo has no knowledge or ownership of any inventory of off specification products at the West Helena site. Product determined to be off specification by Cedar would not leave the plant site and therefore ownership would not transfer to RiceCo. RiceCo had no control over what containers Cedar used at their West Helena site to hold products that were off specification prior to their being reworked. Ownership of off specification product is clearly specified in the documents establishing RiceCo as a LLC, dated May 5, 1997. Article 21, paragraph 5. Warranties and Insurance:

"Cedar warrants title to all Products sold hereunder and that such Products shall meet the specifications set forth in the Confidential Statements of Formula with respect to each such Product on file with the appropriate regulatory agency"



It is clear in the above wording that off specification product placed it outside the parameters of the product's registration. Therefore it was not marketable, would not be shipped and RiceCo would not be invoiced for or take title to the product.

Sincerely,

A handwritten signature in black ink, appearing to read "James K. Hines". The signature is fluid and cursive, with a large initial "J" and a stylized "H".

James K. Hines  
President & CEO

